

UC - NMHU  
MEMORANDUM OF UNDERSTANDING  
ON INTELLECTUAL PROPERTY

This Memorandum of Understanding on Intellectual Property (MOU) sets forth certain understandings of The Regents of the University of California (UC), as operator of Los Alamos National Laboratory (LANL) for the Department of Energy (DOE) under Contract No. W-7405-ENG-36, and the Regents of the New Mexico Highlands University (NMHU) regarding patenting, commercialization and royalty sharing of certain inventions and works of authorship conceived or created by UC and/or NMHU faculty, employees, contractors or students.

WHEREAS, ownership rights in inventions and works of authorship created, conceived or first actually reduced to practice under any unfunded arrangement between NMHU and UC must be consistent with 42 U.S.C. 5908, to the extent applicable;

WHEREAS, ownership rights of NMHU in inventions developed by NMHU employees, contractors, faculty or students, funded in whole or in part by the federal government or through the UC contract with the DOE, are governed by 35 USC 200 *et seq.*, unless NMHU expressly waives such ownership rights in lieu of other ownership rights granted to NMHU by DOE through an advance class waiver;

WHEREAS, ownership rights of NMHU works of authorship either solely authored or co-authored by NMHU employees, contractors, faculty or students, funded in whole or in part by UC or the federal government under a separate agreement, will be governed by the terms of the separate agreement;

WHEREAS, intellectual property in which NMHU has an ownership interest will be further governed by NMHU's Intellectual Property Policy for intellectual property developed by NMHU employees, faculty, or students and by contract for intellectual property developed by NMHU contractors;

WHEREAS, ownership rights of UC in inventions and works of authorship created by UC employees or contractors at LANL, irrespective of the source of funding, are controlled by UC's contract with DOE and all class waivers applicable to such inventions granted to UC by DOE; and

WHEREAS, in all works of authorship created and inventions conceived or first actually reduced to practice pursuant to any arrangement between UC and NMHU, the government will retain a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States such works of authorship and inventions throughout the world, to the extent provided for in 42 U.S.C. 5908.

NOW, THEREFORE, THE EXPECTATIONS OF THE PARTIES ARE AS FOLLOWS:

1. Definition.

- a. "Subject Invention" means any Invention conceived or first actually reduced to practice under an arrangement pursuant to this MOU.
- b. "Invention" means any invention or discovery that is or may be protectable under U.S. patent law.
- c. "Intellectual Property" means patents, copyrights and mask works.
- d. "Joint Appointee" means an individual employed and paid part-time by UC and part-time by NMHU.
- e. "NMHU agent" means a NMHU contractor, employee (staff, faculty, or other, but not a Joint Appointee), or student who is not a UC employee.
- f. "UC employees" means individuals employed by or under contract to UC (but not Joint Appointees).
- g. "NMHU LANL Investigator" means a UC employee who is named or who serves as an investigator on behalf of NMHU either under a grant or contract to NMHU, or pursuant to a contractual arrangement giving rights in ensuing intellectual property to third parties.

2. Scope. This MOU applies to the following situations in which, irrespective of ownership, the sharing of proceeds of commercialization is to be apportioned:

- Intellectual Property created both by UC employees and NMHU agents;
- Intellectual Property created by UC employees utilizing NMHU equipment, personnel or facilities on the premises of NMHU for which NMHU is not fully compensated by UC;
- Intellectual Property created by NMHU agents utilizing UC equipment, personnel or facilities on the premises of LANL for which UC is not fully compensated by NMHU;
- Intellectual Property created by individuals who are Joint Appointees;
- Intellectual Property created by full-time UC employees who also hold titles and/or part-time employment at NMHU, when such inventions are created within the individual's scope of NMHU employment.

3. Responsible Party. Upon the filing of an Intellectual Property disclosure at either UC or NMHU relating to one or more of the above-enumerated examples, a copy

thereof will be sent to representatives of the NMHU Patent Administration Office and the Technology Transfer Division (TTD) at LANL. NMHU and TTD are expected to agree within 90 days after receipt thereof which of TTD or NMHU will:

- undertake an analysis of the potential value of the Intellectual Property which it will share with the other party upon request; and,
- exclusively undertake any patenting or other protection of the Intellectual Property; and,
- exclusively undertake the licensing or other commercialization of the Intellectual Property.

The party assuming responsibility for the above matters is referred to herein as the Responsible Party. The agreement as to which party will be the Responsible Party will be memorialized in a Commercialization Agreement between UC and NMHU.

4. Division of Licensing Proceeds.

- a. Within such 90-day period, the parties will also reach agreement as to how each will share in the proceeds of licensing the Intellectual Property. Such an agreement will be based on the parties' determination as to the value of the contribution of each party to the Intellectual Property. In determining the value of the contribution of each party, consideration will be given to, among other matters, the extent of the intellectual contribution of the employees or agents of each party, as well as the value of the non-monetary support of each party to the Intellectual Property. By way of example, such non-monetary support includes the use of equipment or facilities of one party that have not been otherwise expressly compensated for by the other party. In any event, the value contributed by any Joint Appointee will be attributable 50% to each of UC and NMHU. The agreement will be memorialized in the Commercialization Agreement. Once made, such agreement will be final unless otherwise agreed by the parties.
- b. Such sharing of the proceeds of licensing as described herein is in lieu of all other licensing obligations between the parties relative to commercialization of the Intellectual Property. The parties further acknowledge and agree that the adequacy of such sharing of proceeds is, because of the need to promptly resolve issues that might delay commercialization, necessarily limited to information then available. Nonetheless, it is the parties' intention that such matters will be resolved at that time, and, absent fraud or purposeful nondisclosure by a party,

such resolution will remain binding upon the parties even in the face of information later developed.

5. Dispute Resolution. If NMHU and TTD are unable to agree within such 90-day period as to which of them will be responsible for patenting and licensing of the Intellectual Property, or how the parties will share in licensing proceeds, then such unagreed issues will be resolved by the NMHU Vice President for Academic Affairs and the LANL Deputy Director for Science and Technology. Their mutual decision must be rendered within 30 days after referral to them and that decision will be final. Should the NMHU Vice President for Academic Affairs and the LANL Deputy Director of Science and Technology be unable to render a decision, the matter will be decided by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.
6. Resignation of Responsible Party. If the Responsible Party should decide not to continue performance of the tasks described in the Section labeled "Responsible Party" with respect to any Intellectual Property, it will so advise the other party in a timely fashion so as to effectively allow the other party to assume such tasks if it so desires.
7. Costs. The Responsible Party will be responsible for payment of all costs of patenting and commercialization. Such party will be entitled to reimbursement for the reasonable out-of-pocket patent and commercialization costs incurred by it from the proceeds of such commercialization before any such proceeds are shared between the parties. Documentation with respect to such costs will be provided to the other party.
8. Roles of Parties in Commercializing.
  - a. The Responsible Party will have full authority, and the same is hereby granted, to represent the interests of both parties. The Responsible Party will have authority to apply its expertise in determining what form of commercialization will be adopted for the Intellectual Property for which it is responsible and will make periodic reports regarding the commercialization of the Intellectual Property, including patent status and the commercialization efforts made. The responsible party will also make disbursements annually to the other party, beginning on the January 1 or July 1 following the first receipt of such proceeds.
  - b. The party not responsible for protecting and commercializing the Intellectual Property will cooperate with such efforts by making information and other internal resources reasonably available as appropriate and will use all reasonable efforts to promote the cooperation of its employees or agents who created it. The party not responsible for protection and commercialization will execute all documents necessary and appropriate to allow the Responsible Party to carry out its protection and

commercialization responsibilities, including execution of powers of attorney.

9. Contracts with Third Parties. It is recognized that either party may be actively engaged in working with third parties to conduct research involving background intellectual property within the Scope of this MOU. For example, UC may issue a CRADA to a company, or NMHU may obtain a sponsored research contract from a company, to develop an invention created jointly by UC and NMHU agents. The parties will exercise reasonable efforts to identify contractual commitments involving jointly owned intellectual property (including options to negotiate a license on future inventions building upon such background technology), and will, before entering into such agreements, consult with the other party to make sure that ongoing research and commercialization efforts are coordinated.
10. Representations. Each party represents that it has full power and authority to agree with the other party as to how inventions subject to this MOU are protected and commercialized and how the income from licensing thereof will be shared by the parties.
11. No Third Party Rights. Nothing in this MOU, express or implied, is intended to confer any rights, remedies, claims, or interests upon a person not a party hereto.
12. Term and Termination. Either party may terminate this MOU upon 90 days written notice. This MOU will run from the date of signing for a period of five years. Any Subject Invention, whether or not yet having a Responsible Party, shall be subject to the terms of this MOU, even after its termination. Any agreements reached by the parties to designate the Responsible Party will survive such termination or expiration, and the provisions of this MOU governing the relationship between the parties upon the designation of the Responsible Party will survive as to the Invention, which is the subject of any such agreement.
13. Separate Agreements. With respect to inventions and works of authorship arising under any research project carried on under a separate agreement between UC and NMHU, such as a CRADA (Cooperative Research and Development Agreement), WFO, or lease agreements for laboratory equipment, material and facilities, it is explicitly understood that the terms of such agreement relating to inventions and works of authorship will, only to the extent inconsistent herewith, supersede the terms herein.
14. Intellectual Property of NMHU LANL Investigators. When NMHU LANL Investigators create Intellectual Property pursuant to arrangements giving intellectual property rights to third parties (including sponsors), UC, to the extent of its rights, agrees to license to NMHU those intellectual property rights necessary for NMHU to meet its obligations to such third parties. UC agrees to

execute all documents necessary and appropriate to implement and document the provisions of this paragraph.

15. Entire Understanding. This MOU constitutes the full and final understanding of the parties on all subjects contained within it. All prior negotiations, understandings and agreements are merged into this MOU. No subsequent understandings or agreements may modify this MOU unless they are in writing and signed by the parties or their authorized agents.
16. Execution. This MOU may be signed in one or more counterparts (including faxed copies), each of which shall be deemed one and the same original. This MOU shall be effective immediately upon execution by the parties or their authorized agents.

The parties have each signed this MOU indicating their acceptance of these terms.

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George Peter Nanos, Director	(Date)	Sharon Caballero, President	(Date)
Los Alamos National Laboratory		New Mexico Highlands University	